

Senator

Washington State Senator
33rd Legislative District

KAREN KEISER

Special Report on Energy Independence



How to contact me

I appreciate your letters, calls and e-mails on legislative issues. Please let me know if I can help on matters before state agencies.

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- Financial Institutions, Housing & Consumer Protection
- Labor, Commerce, Research & Development

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Dear Neighbors,

With the 2006 legislative session now underway, we are once again tackling the many challenges our state faces, such as improving our schools, ensuring that health care is more affordable and creating jobs. But another issue that is particularly urgent this session is energy. What can we do to achieve greater energy independence? This special report on energy issues offers some real answers.

Unless we take dramatic steps to lessen our dependence on fossil fuels – oil, coal and natural gas – we'll continue to be held hostage by soaring gas prices, harm our environment, and undermine our national security.

Fossil fuels take millions of years to make. We are using up the fuels that were made more than 300 million years ago, before the time of the dinosaurs. Once they are gone, they are gone. That's why investing in renewable energy must be a top priority for Washington state this coming legislative session.

I'm interested to hear your comments and suggestions for how best to secure a clean, affordable energy future for Washington state.

And finally, thanks to all of you who participated in the health care survey I sent out last fall. We had a fantastic response, and you will find the results – and some of our proposed solutions – on the back of this newsletter.

Let's keep in touch!

A handwritten signature in blue ink that reads "Karen Keiser".

Senator Karen Keiser

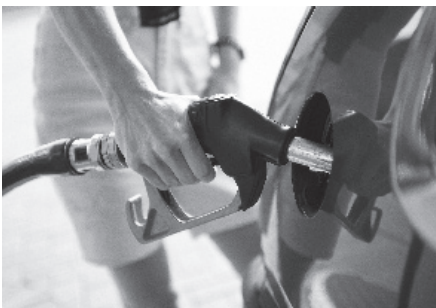


Why should we invest in alternative energy technologies?

Because it will:

- ✓ Create jobs, and help the economy statewide
- ✓ Diversify the state's energy sources.
- ✓ Help us wean ourselves from foreign oil.
- ✓ Keep power affordable.
- ✓ Protect the environment.

Legislators hold joint hearing on alternative fuels



The gasoline price spikes and reduced U.S. refining capacity in the wake of hurricanes Katrina and Rita illustrate the dramatic effects energy policy has on American consumers.

Last fall, Senate and House committees met to discuss our state's potential to be a national leader in alternative fuels. We have a particular advantage with biofuels –fuels made from agricultural products because of our substantial agriculture industry.

Producing fuel from non-fossil fuel sources, such as biofuels,

is an important element of a comprehensive strategy of energy diversification, conservation, and fuel efficiency.

Key Points about Energy: Imported oil

- We spend \$25 million every day in our state to pay for imported oil, so it's in our state's best economic interest to develop alternative fuels that are produced locally.

Ethanol

- Ethanol can be produced from the straw from wheat fields. Washington is one of the major wheat-producing states in the country.
- A straw-based industry in Eastern Washington would have a significant positive economic impact on the region: The counties of

Adams, Franklin, Grant and Lincoln would see an economic value added of \$19.6 million.

- More than 100 million gallons of ethanol could be produced from just the straw in Whitman and Lincoln counties.
- In 2000, 12.3 million gallons of ethanol were used in the United States; in 2004, 22.9 million gallons were used.

Biodiesel

- Two feedstock crops, mustard and canola, are particularly well-suited for Eastern Washington, producing high yields without irrigation. These oilseed crops can become biodiesel fuel.
- In the three-county area near Spokane, there is the potential to put 500,000 acres into oilseed production. About 50 gallons of biodiesel can be produced per acre of canola or other seed crop, so there is the potential in this area alone to produce 25 million gallons of biodiesel.
- In 2000, 6.8 million gallons of biodiesel were used in the United States; in 2004, 36.6 million gallons were used.
- In Washington, biodiesel sales now average 1.5 million gallons a year.

Recent Legislative progress on alternative energy

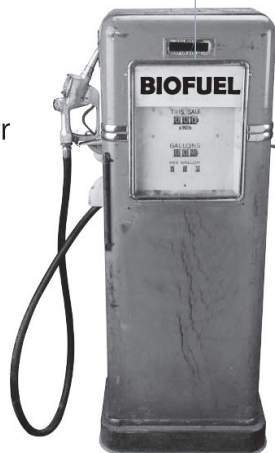


We have made real progress in the area of alternative energy. So far, we have passed several bills to encourage energy alternatives:

- **Alternative fuel and hybrid vehicles:** From 2009-2011, purchasers of hybrid vehicles and other alternative fuel vehicles will not pay the sales and use tax on those vehicles.

- **Encouraging the manufacture and production of renewable energy:** With small-scale windmill, solar panel and other alternative energy projects springing up around the state, we established a \$2,000 incentive for investing in renewable power generation.

- **Alternative fuels tax deduction:** A B&O tax deduction is available for



the sale or distribution of biodiesel or alcohol fuel.

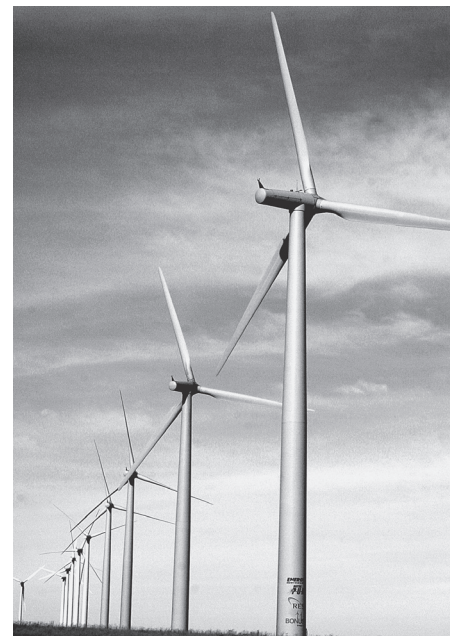
- **Alternative fuel vehicle (AFV) annual fee:** To encourage the use of nonpolluting fuels, owners of compressed natural gas- (CNG) and liquefied petroleum gas- (LPG) powered vehicles pay an annual license fee instead of motor fuel excise taxes.



- **Biofuels production tax exemption:** Investments in buildings, equipment and labor to manufacture biodiesel, biodiesel feedstock, wood biomass fuel or alcohol fuel are eligible for certain state and local tax breaks.

"I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait 'til oil and coal run out before we tackle that."

Thomas Edison



In this short, intense 2006 session, we will do more to declare energy independence. I will be supporting legislation that:

- Encourages consumers to use alternative fuels.
- Gives farmers assurance that demand for their biofuel crops will grow to encourage farmers to shift to planting more of these crops.
- Expands tax incentives for those who produce biofuels.
- Encourages utilities to include more renewables, such as wind and solar power, as well as biomass in their energy production.
- Helps low-income people pay their heating bills this winter.



“Bio this” and “anaerobic that” — What does it all mean?

Alternative Energy Glossary



■ **Anaerobic digester:** A device that promotes the decomposition of the organics in manure to simple organics and gaseous biogas products. The biogas can be used in an engine generator or in a hot water heater modified for biogas.

■ Biofuels

- **Biodiesel:** Made by combining alcohol with vegetable oil, animal fat or recycled cooking greases. It can be used as an additive to reduce vehicle emissions or, in its pure form, as a renewable alternative fuel for diesel engines.

- **Ethanol:** Made by fermenting any biomass high in carbohydrates such as corn, sugar cane, wheat or barley. It is the same type of alcohol found in beer and wine and is commonly used as a fuel additive to reduce carbon monoxide emissions from vehicles.

■ **Biomass energy:** “Bioenergy” comes from plants and plant-derived materials. Wood is the largest biomass energy resource today. It

can be used for fuels, power production and products that otherwise would be made from fossil fuels.

■ **Biopower:** Burning biomass directly, or converting it into gaseous or liquid fuels that burn more efficiently, to generate electricity.

■ **Bioproducts:** Converting biomass into chemicals for making plastics and other products that typically are made from petroleum.

■ **Coal gasification:** A process for converting coal partially or completely to combustible gases. After purification, these gases – carbon monoxide, carbon dioxide, hydrogen, methane, and nitrogen – can be used as fuels or as raw materials for chemical or fertilizer manufacture.

■ **Geothermal energy:** Geothermal energy taps the Earth’s internal heat for a variety of uses, including electric power production, and the heating and cooling of buildings.

■ **Hydropower:** Flowing water creates energy that can be

captured and turned into electricity, which is known as hydropower or hydroelectric power.

■ **Solar energy:** Sunlight, or solar energy, can be used directly for heating and lighting homes and other buildings, for generating electricity, and for hot water heating, solar cooling, and a variety of commercial and industrial uses.

■ **Tidal energy:** All coastal areas consistently experience two high and two low tides over a period of slightly greater than 24 hours. For those tidal differences to be harnessed into electricity, the difference between high and low tides must be more than 16 feet. There are only about 40 sites on the Earth with tidal ranges of this magnitude, and the Pacific Northwest is one of them.

■ **Wave energy:** Wave power devices extract energy directly from surface waves or from pressure fluctuations below the surface. Renewable energy analysts believe there is enough energy in the ocean waves to provide up to 2 trillion watts of electricity.)

■ **Wind energy:** A wind turbine, the windmill’s modern equivalent, can use the wind’s energy to generate electricity.

(Continued on next page)

HEALTH SURVEY RESULTS



Thanks to all of you who participated in the health care survey I sent out in November. I was delighted that more than 1,300 of you took the time to tell me about your concerns about health care.

As chair of the Senate Health Care Committee, I believe we have come up with a strong slate of proposals that will move us toward my long-term goal of ensuring that all Washington residents can see a doctor and get care when they need it. Please see the details of my proposals on the back page.

Do you have health insurance?

Yes	93.26%
No	6.74%

If yes, where do you get health care insurance from?

My job	29.57%
I purchase coverage entirely out of my own pocket	11.70%
Medicare	34.32%
Medicaid	3.33%
Basic Health Plan	3.92%
Other	17.16%

If you are on Medicare, have you decided to purchase Part D prescription drug coverage?

Yes	24.15%
No	75.85%

If you have children, do you have health insurance coverage for them?

Yes	61.06%
No	38.94%

Do you have any chronic conditions or serious health problems (such as diabetes, heart disease, HIV/AIDs)?

Yes	38.70%
No	61.30%

If you use prescription medications, how do you pay for them?

Insurance covers most of my prescriptions	63.51%
Pay cash out of my pocket	29.13%
Purchase them from Canadian sources	1.10%
Other	6.26%

What is your biggest concern about health care for you and your family?

Increasing cost of insurance	66.03%
Prescription drug costs	17.86%
Difficulty finding medical care	4.05%
Other	12.06%

Have you ever had concerns about the behavior or competence of a health care professional—doctor or dentist?

Yes	32.97%
No	67.03%

If yes, have you ever tried to report your concern to the state disciplinary board?

Yes	6.19%
No	93.81%

Would you support legislation that required all corporations with 5,000 or more employees to provide health insurance for their employees?

Yes	77.46%
No	22.54%

Given the concerns about infectious diseases and epidemics, would you support a bill that required all employers to provide paid sick leave?

Yes	67.91%
No	32.09%

Do you believe that the government should provide some level of assistance to small employers so they can afford to buy coverage for their workers?

Subsidized Sick Leave	
Yes	79.37%
No	20.63%

Do you think all children should have health insurance coverage?

Coverage for All Children	
Yes	90.48%
No	9.52%

Do you believe the health care system should be reformed in a way that guarantees health care coverage for all Americans?

Universal Health Care	
Yes	81.29%
No	18.71%

This is an unscientific survey based on 1,392 responses to the 30,310 surveys mailed out in November to residents of the 33rd Legislative district.



2006 Health Care Agenda

Here is a preview of the major health care proposals that I will work on so that we can make real progress on the problems of health care coverage and affordability:

- **Expand health care coverage for children.** Last session, we set a goal of ensuring that all children have coverage by 2010. Now we have to make that happen by increasing funding for children's health care services and making it easier for children to enroll in health programs.
- **Help small business find affordable health insurance.** Small employers struggle to find decent health insurance, and too many of them can't afford health care for their employees. We need to create a partnership between

small businesses, their employees and the state that will make health care coverage more affordable.

- **Extend the age parents can keep their kids covered.** Most family health care plans only cover kids up to the age of 19 or 20 unless the kids are full time college students. I think we should make insurance policies more flexible, so that parents can keep their kids covered until they are 25. As a parent myself, I know how difficult it is to get young people to purchase their own health insurance.
- **Promote health and wellness programs in the workplace.** Employees can be encouraged to eat healthy and exercise more with employer-sponsored programs

that will help cut health care costs by improving employees' health.

- **Assure that all large employers provide health care.** Most companies with more than 5,000 employees provide excellent health care for their workers. Shouldn't all major corporations be held to at least a minimum standard of health care coverage?
- **Prepare for Avian flu and other emergencies.** Public health experts warn us to prepare for a potential flu pandemic. I am working with the Department of Health to improve emergency planning. We need to make sure we are prepared to limit the effects of a pandemic on our health and our economy.

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Alternative Energy Technology

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